



# MAHARASHTRA SEAMLESS LIMITED

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## E-Communication

**MSL/SEC/SE/2022-23**

**25<sup>th</sup> October, 2022**

**BSE Limited**

25th Floor, P.J. Towers,  
Dalal Street, Mumbai-400001

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block-G,  
Bandra - Kurla Complex  
Bandra (E), Mumbai-400051

**Stock Code: 500265**

**Scrip Code: MAHSEAMLES**

**Sub.: Transcript of Analyst/ Investor Meeting dated 18<sup>th</sup> October, 2022**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the link of transcript of the conference call held on 18<sup>th</sup> October, 2022.

Link to access above transcript is as under:

<https://www.jindal.com/msl/pdf/Transcript-of-Conference-Call-Q2-FY23-Earnings-Call.pdf>

The same is also available on the website of the Company [www.jindal.com](http://www.jindal.com).

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

**For Maharashtra Seamless Limited**

**Ram Ji Nigam**

**Company Secretary**

**JINDAL**  
D.P. JINDAL GROUP

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Maharashtra Seamless Limited



PhillipCapital

## Maharashtra Seamless Limited Q2 FY23 Earnings Conference Call

**18 October 2022**



Maharashtra Seamless Limited



PhillipCapital

**MANAGEMENT:**

**MR. D. P. JINDAL – CHAIRMAN, MAHARASHTRA SEAMLESS LIMITED**  
**MR. SAKET JINDAL – MANAGING DIRECTOR, MAHARASHTRA SEAMLESS LIMITED**  
**MR. KAUSHAL BENGANI – SENIOR MANAGER, INVESTOR RELATIONS, MAHARASHTRA SEAMLESS LIMITED**

**MODERATOR:**

**MR. VIKASH SINGH – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**



**Moderator:** Ladies and gentlemen, good day and welcome to Maharashtra Seamless Limited Q2 FY23 Earnings Conference Call hosted by PhillipCapital (India) Private Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikash Singh from PhillipCapital (India) Private Limited. Thank you and over to you sir.

**Vikash Singh:** Good afternoon, everyone. On behalf of PhillipCapital and Maharashtra Seamless, I welcome all of you on Q2 FY23 Earnings Conference Call. Today from the management side we have with us Mr. D. P. Jindal – Chairman, Mr. Saket Jindal – Managing Director, and Mr. Kaushal Bengani – Senior Manager Investor Relations.

Without taking any much time I would hand over the floor to Mr. Kaushal Bengani for opening remarks. Kaushal over to you.

**Kaushal Bengani:** Thank you Vikash. Good afternoon shareholders. We are pleased to have this call with you and thank you for joining us. We hope you’ve been able to go through our recent announcements, results and earnings presentations. Keeping in view the upcoming festive holidays, we have put tremendous effort in declaring our quarterly results within 17 days.

Our performance in the previous quarter improved substantially. On year-on-year basis revenue and profit increased 46% and 86% respectively, quarter-on-quarter basis revenue and profit increased by 6% and 15% respectively.

In the previous quarter, Maharashtra Seamless has supplied two key value addition products, sour service subsea seamless pipes and drill pipes and more orders are expected. As domestic market for subsea pipes is around 70,000 tonnes and the market for drill pipes is 12,000 tonnes, we expect more orders to be received by us. In United Seamless cylinder pipes and export markets comprise 60% of total dispatches leading to extraordinary margins. As communicated in our earlier call we have also announced a bonus issue of 1:1 and have prepaid long term debt of Rs.315 crore. We have also provided an update on capital expenditure which we will commence shortly. This is in line with our continuous efforts to improve operations and improve our participation in value addition segments. I would like to quickly take you through the presentation now.



The first few slides detail the operational performance of the company and of United Seamless. Our profit after tax has increased by 86% in Maharashtra Seamless and have really ramped up in United Seamless, primarily because of increase in dispatches. On quarter-on-quarter basis we've also done well keeping in view the buoyant market and our market leadership position. United Seamless is currently doing really well and the company has filed an application with NCLT Mumbai for amalgamation of United Seamless with Maharashtra Seamless. We have been advised by Price Waterhouse in this regard and we expect this amalgamation to be concluded within this financial year.

The next slide talks about the operational and financial performance of Maharashtra Seamless and United Seamless. EBITDA margins have remained consistent in Maharashtra Seamless. However, in the ERW segment we faced a slight dip on account of change in the products which were dispatched during the quarter. In United Seamless the EBITDA margins has gone up primarily due to the exposure in value addition segments and certain very high value export orders being dispatched. Our total exposure in unquoted equity and preference shares and ICDs have remained consistent in the past six months. Specifically, ICDs have come down from 144 crores to 102 crores. Our liquid investments in the previous quarter have increased by 300 crores. This is on account of reduction in working capital and improved operations. Because of an increase in liquid investments in the previous quarter we've become net debt negative to the extent of 334 crores. On account of this liquidity position we have prepaid loan of 315 crores which was also communicated in our earlier investor calls. There is only one long term debt in Maharashtra Seamless which is for the rig and which is backed by cash flows in USD. Corporate guarantee and SBLCs are reducing as per our committed schedule. And we expect this entire exposure in corporate guarantees and SBLC to reduce fully by September of 2024.

The next slide talks about capital allocation in core business. We are focused exclusively towards the core segment and we want to increase our participation in high value addition segments. We've given a capital allocation update of 852 crores at various locations of the company out of which 43 crore is normal replacement expenditure and the rest 809 crores is towards capital expenditure which will help us in improving our market position. As capacity utilization of Maharashtra Seamless and United Seamless will increase, we will also have increased working capital requirements of 550 crores in both companies. Thereafter, we are also exploring opportunities for drill pipes ID coating, premium joints and even a new ERW API pipe mill. Our order book remains very strong, usually our order would be around 1000 crores however, it is at 1780 crores which is indicative of good sustainable demand. We expect this order book position to



continue for entire FY23 and going forward as well. The export orders are still coming in and our exposure to the export segment on consolidated basis is around 35%.

We have also put out our dispatch targets and margin outlook and our performance in the past six months. On the dispatch front we have slightly revised our bifurcation of Seamless dispatch between Maharashtra Seamless and United Seamless. The target has been revised from 3,50,000 tonnes to 3,65,000 tonnes in Maharashtra Seamless and from 1,20,000 to 1,05,000 tonnes in United Seamless. This is because in United Seamless we are making high value addition pipes which takes more time to manufacture but which leads to a lower quantity dispatch and generates much higher margins. We've talked about the government policies and the sales and marketing update on Maharashtra Seamless and United Seamless in the subsequent slides. We've listed out the places from where we are expecting orders to come in. I will urge all participants and the wider investor community to especially go through the last three slides of the presentation so that they will get a better idea about the market and the way the company is positioned in the market. Rig counts are still at a high level and on account of the under investment in the oil and gas sector over the past decade, crude oil trajectory is still upward.

Further, since the US has made consistent draws from its strategic petroleum reserve, in order to contain the rise in crude oil prices we expect that further draws will not happen as the strategic petroleum reserve is at a very low level. India's oil demand is also projected to rise 50% from the current levels to 7.2 million barrels. The gas demand is also expected to rise going forward. On the shareholding structure of the company, we've had new institutional investors participating in Maharashtra Seamless. Further, there has been a sustained increase in promoter holding as also a sustained increase in the holdings of DII and FII. I will now go back to Vikash and open the floor for questions.

**Moderator:**

Thank you. Ladies and gentlemen we will now begin with the question-and-answer session. The first question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

**Bhavin Chheda:**

Sir, few questions first on the CAPEX plans of this 850 odd crores. Sir this is a big number which we are planning over the next three years and if I see the breakup, this 350 crores is for hot mill upgrade. And, you have given the estimated turnover increase overall from this CAPEX of close to 1900 odd crores. So, can you elaborate more the need for this big CAPEX of 850 crores whether there would be increase in capacity also or it will lead to more value-added products and what kind of value addition will be there which will require this big CAPEX?



- D P Jindal:** In Nagothane 14-inch mill, this mill design is very old and after that a lot of technological development is there. Like, we have in Hyderabad, United Seamless which is latest one. So, at one time we have to replace one of the machine in 14 inch mill that is we call it PQF or MPM mill, and that is capital intensive.
- Bhavin Chheda:** So, this would be the replacement of existing mill it won't lead to additional capacity Mr. Jindal?
- D P Jindal:** Certainly, it will add some capacity, because the new mill will be faster and of course better quality and better yield.
- Bhavin Chheda:** Sure. So, very well understood sir obviously it is upgradation of mill and except for this there are some other items like cold drawn pipes and OCTG line so, all this will help only in leading to additional value-added products right sir?
- D P Jindal:** That's right, but in Narketpally if we add an additional line, then we can run more of hot mill. At present we are running only one shift because we have a constraint of finishing the pipe.
- Bhavin Chheda:** Sure. And so after completion of this capital expenditure probably over next two to three years in Maharashtra Seamless can we deliver half a million of Seamless and another two lakhs at United Seamless so basically we are looking at say 0.7 million tonnes of Seamless including some portion of value-added in over three, four years.
- D P Jindal:** Yes around that.
- Bhavin Chheda:** Around that, and in that according to you sir, value-added would be how much if we deliver volumes of say seven lakh tonnes after this CAPEX after three to four years, how much would we value-added in that sir?
- D P Jindal:** Value-added means we are already having value-added product.
- Bhavin Chheda:** That will increase.
- D P Jindal:** Additional.
- Bhavin Chheda:** Additional value so, overall value-added portion in that seven lakh volumes would be how much sir?
- D P Jindal:** Around two lakh tonne.



- Moderator:** Thank you. The next question is from the line of Pratiksha Daftari from Aequitas Investment Consultancy. Please go ahead.
- Pratiksha Daftari:** Just wanted to understand if you could elaborate on the timelines on this CAPEX plan that what CAPEX we are going to undertake first, or is it going to go simultaneously and when do we expect completion of this?
- Kaushal Bengani:** We'll undertake the CAPEX plans over a period of two to three years. The two projects which will get priority is heat treatment and finishing facilities at United Seamless, so that we can immediately ramp up our capacity utilization. The second project would be the cold drawn pipe mill which we want to set up in Mangaon.
- Pratiksha Daftari:** Okay and this USTPL finishing line would take how much time approximately?
- Kaushal Bengani:** Once it starts, it will take one year to complete. And we have already started certain portion.
- D P Jindal:** Started placing orders.
- Kaushal Bengani:** And we've identified vendors and we are in the process of obtaining inquiries and placing orders.
- Pratiksha Daftari:** Okay understood and with regards to ERWR profitability was particularly low in this quarter. So, what were the reasons for the same and how do we look at profitability going ahead?
- Kaushal Bengani:** In the ERW segment, we've not done very well as compared to the previous quarter, this is on account of a different ERW product which was manufactured. So, we are making product for the oil sector which have low margins. Going forward we expect to gradually move away from non-oil sector to oil sector.
- Pratiksha Daftari:** Okay, so going ahead in our order book the non-oil segment would be how much percent if it's possible to?
- Saket Jindal:** Usually it's 50:50, so oil sector is 50% and non-oil is 50%.
- Pratiksha Daftari:** Okay. And profitability for USTPL again improved quite a bit in this quarter. So, do we expect this profitability to sustain given the value-added segment in the order book, composition of the order book?

**Sanket Jindal:** Means the production will sustain and the value-added this last quarter was higher because of cylinder pipe and export. So, this was a little on the higher side so it will correct itself to the usual level of 18,000 to 20,000.

**Moderator:** Thank you. The next question is from the line of Darshil Pandya from Finterest Capital. Please go ahead.

**Darshil Pandya:** So, I precisely have two questions. So, the first one is I would like to understand how you see for H2 that is the second half of this fiscal, how you see the demand and the second question is which we saw that is a liquid investment, the liquid mutual funds schemes which we have invested. So, the numbers have gone very high it is probably up 10x so what do you think of this amount is this for working capital or is this some something for preparing the debt or something, if you can please give me an idea.

**Saket Jindal:** So, the next six months we expecting to maintain the profitability and the production level. And there's a good demand and also in export, the Canadian market has opened up and in US we are maintaining our export. So, export is promising, plus in domestic the oil sector especially, as we mentioned the subsea pipelines and also the demand for cylinder pipes so all that will remain. So, we expecting to maintain the results EBITDA in the next six months. And second question was the mutual funds. So, we have funds extra, which as we just mentioned, can be deployed either in CAPEX or any other diversification if we come across in the near future.

**Darshil Pandya:** All right. And sir any specific guidance as to how what growth you're seeing for the next half year?

**Saket Jindal:** We're maintaining this same growth what we are doing currently. So, the first six months we will at least repeat I think.

**Darshil Pandya:** Okay fair enough sir. And as you have mentioned that the Seamless merger will be completed by this fiscal right?

**Saket Jindal:** Right. So, we expecting as soon as possible the NCLT merger approval to come, but we are still, and there is some delay from NCLT which we are trying to pursue.

**Moderator:** Thank you. The next question is from the line of Chetan Doshi, an Individual Investor. Please go ahead.

**Chetan Doshi:** Sir, I would like to ask you one very specific question, you have introduce some new pipe for ONGC deep drilling into the sea. So, what the market segment, how the





performance of the products what we have supplied to them, what is the feedback from the customer and how we are planning to get this product line increase in coming days?

**Saket Jindal:** So, this is the drill pipe which we are manufacturing in the Mangaon facility and we already supplied to other customers in the past and it was accepted the quality and we have API license for this product. So, there is no problem in the quality so far and we are adding one more line of this drill pipe to cater to the additional demand. So, it's a high value-added product and additional capacity will help in meeting the demand.

**Chetan Doshi:** So, what kind of order inflow we expect in next two quarters in this product segment?

**Kaushal Bengani:** We expect three more tenders to be awarded to us by ONGC and Oil India for drill pipes.

**Chetan Doshi:** Thank you very much. That was a very specific question and there is no competition in this product line right?

**D P Jindal:** From India, there is no competition.

**Chetan Doshi:** Yes, in India there is no competition from any manufacturer?

**Kaushal Bengani:** That is right.

**Saket Jindal:** There is competition from Jindal Saw.

**D P Jindal:** We mean, there are two products one is drill pipe, drill pipe Jindal Saw is also making but subsea pipeline there is no competition.

**Moderator:** Thank you. The next question is from the line of Rohit Suresh from Samatva Investments. Please go ahead.

**Rohit Suresh:** I just wanted to know how is the demand for the API line pipes and how do you see the demand going forward in H2?

**Saket Jindal:** In the Seamless or ERW?

**Rohit Suresh:** ERW.

**Saket Jindal:** So, in ERW there is a constant demand and IFCL and other customers, there is always requirements and there are a lot of tenders expected and we have many players in India who were catering to this requirement. So, means there is no shortfall of orders in this area.



- Rohit Suresh:** Got it and sir in the ERW segment would API line types be one of the highest margin products if I'm not wrong?
- Saket Jindal:** Yes, so in the ERW, the API category is higher margin then the highest product.
- Moderator:** Thank you. The next question is from the line of Hetal Gada from ITI Mutual Fund. Please go ahead.
- Hetal Gada:** I just wanted to ask a couple of questions. Firstly, on the ERW pipe performance, sir even though our pipes are required in the water segment, the EBITDA per tonne is not as low as Rs.1000. So, can you please throw some light on what happened in this quarter and why is the EBITDA per tonne declined so much in the ERW segment?
- Saket Jindal:** So, there was a testing of the pipe where there was more time taken in the testing. So, we lost time in the testing and production was less so because of less production cost being higher there was less profit.
- Hetal Gada:** There was, sorry I did not get your last part?
- Saket Jindal:** The production was less and the cost was higher, so profit was low.
- Hetal Gada:** You mean to say the operating leverage was not available and that impacted but even when there is a huge decline was there any inventory drawdown or high-cost raw materials which impacted the number?
- Saket Jindal:** Some inventory impact also because of the higher price deal which was in stock.
- D P Jindal:** So, basically whatever dispatches we can see that is non-oil sector.
- Hetal Gada:** So, that was non-oil segment, okay. And?
- D P Jindal:** The oil sector dispatches were very minimum.
- Hetal Gada:** So, on a sustainable basis sir so if it is a non-oil segment orders, what will be the per tonne EBITDA level for those orders, can you just throw some light on that?
- D P Jindal:** Rs.2000 a tonne in non-oil.
- Hetal Gada:** Okay, and sir oil?
- Saket Jindal:** Oil is higher 6-7.

- Hetal Gada:** Okay. And sir if it is possible for you can you please tell me what was the inventory impact on per tonne basis for this quarter?
- Saket Jindal:** We will send it to you separately.
- Hetal Gada:** Okay, sir. Sir secondly, just wanted to understand like for other businesses like standalone Seamless business and United Seamless also, what is a sustainable EBITDA per tonne that we can expect going forward?
- Saket Jindal:** I didn't get the question?
- Hetal Gada:** On a sustainable basis what will be, any guidance on EBITDA per tonne for the seamless segment in both standalone business as well as the United Seamless?
- Saket Jindal:** 18,000 to 20,000 is the thumb rule for the margin.
- Hetal Gada:** Okay, sir. And sir one more question wanted to understand like your order book if I see from Q1-to-Q2 it has remained quite high, but there is a decline in value term. So, because there has been a decline in steel prices that also could have affected but I just wanted to get a sense from you whether on volume terms the numbers are on a higher trajectory or what have impacted the order book value?
- Saket Jindal:** Right. So, order book has what has been the impact.
- Kaushal Bengani:** Our order book is at 1780 crores, which is lower than the previous quarter but it is still at a very high level, on tonnage basis it is still much higher than it was at this time previous year.
- Hetal Gada:** But from Q-o-Q basis, tonnage basis I don't want the number but at least can you directionally say whether it is up or low?
- Kaushal Bengani:** On tonnage basis it is lower, but that is on account of reduction in our working capital as well.
- Hetal Gada:** Okay, fair enough. And sir lastly about the dividend policy, can you throw any light on that, what will be our dividend policy?
- Saket Jindal:** Currently we have already paid the dividend of last year which was at par value and we are maintaining that 100% on the par value. And we also in this board meeting, we are doing a bonus issue where 1:1 bonus share will be given, that will increase the share

capital and number of shares will be doubled, so this would help in the volume of trading and also overall market cap should also be improving due to this issuance.

**Hetal Gada:** Okay. So, right now in fact the dividend policy will be maintained at 100% of the fair value did I hear it right?

**Saket Jindal:** Yes par value.

**Moderator:** Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

**Anurag Patil:** Sir, in our rig business despite higher day rate, we have mentioned EBIT losses in the Q2. So, can you just explain the reason behind it and how can you expect the rest of the two quarter, what kind of EBIT margins we can expect there?

**Kaushal Bengani:** In the rig segment there was forex loss on account of restatement of the USD loan, so there was forex loss of around Rs.11 crore in the first quarter and Rs.8 crore in the second quarter. However, if you look at operational profit, then we made around 17 crores of operational profit in the two quarters which is in line with what was projected. The loan taken for the rig is in USD and cash flow of the rig are also in USD there will be no cash loss going forward. It is only a notional restatement which we have to do at the end of every quarter.

**Anurag Patil:** Okay. And sir for next two quarters we have strong order books so production levels can be maintained. But how do you see FY24 do you see this high order book sustaining in the next year or two and the production levels?

**Kaushal Bengani:** As of now we expect good orders to continue and we see no reason why that will change.

**Moderator:** Thank you. The next question from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

**Vignesh Iyer:** Sir there are two questions on my site. One is, in H1 for USTPL there is around dispatch of around 44,000 KMT. And you have a target 105 KMT for FY23 year. I just wanted to know out of 44 KMT how much percentage goes towards export and what is the target for export, for the entire year. And second question is coming to the raw material part of it. I just wanted to know quarter one to quarter two of this year what is the fall in the prices or if the price has been stable, I just wanted to know the, to understand the inventory part of it.



- Kaushal Bengani:** In United Seamless, in the first quarter 50% of the dispatches were towards exports, in the second quarter 40% of the dispatches were towards exports. And going forward we expect similar levels for the export market in United Seamless. Regarding raw material, so in the first quarter, on account of imposition of export duty, raw material prices fell and they have been on the lower side since that point in time.
- Moderator:** Thank you. The next question is from the line of Vishal Rampuria from Julius Baer. Please go ahead.
- Vishal Rampuria:** Sir when you spoke about the outlook you spoke about cylinder pipes, can you talk about opportunity in cylinder pipes?
- Kaushal Bengani:** Cylinder pipes are manufactured in United Seamless; this is an import substitution product and the annual market is around 50 to 60,000 metric tonnes. We are the only domestic manufacturers of cylinder pipes and we supply to cylinder manufacturers who use our pipes to sell to companies like Linde and to companies like Tata Motors, Eicher Motors and all automobile companies.
- Vishal Rampuria:** Sir out of 50, 60,000 industry size how much we are able to cater?
- Kaushal Bengani:** I'll tell you the exact numbers, in the first quarter 20% of dispatches from United Seamless was towards cylinder pipes, in the second quarter also 20% of dispatches were towards cylinder pipes. So, we expect we'll be able to cater to let's say 45% of the market right now.
- Vishal Rampuria:** And how much this number was last year?
- Kaushal Bengani:** Last year it was very high because last year there was a shortage of oxygen cylinders in India on account of Coronavirus. So, there was an increased demand for cylinder pipes because there was a shortage of oxygen cylinders.
- Vishal Rampuria:** Okay. So, my question was largely the fact that because of the surge in the CNG prices, we have seen softening of CNG cylinder demand. So, are you also witnessing similar kind of lower demand for the pipes, for the cylinder pipes?
- Kaushal Bengani:** No, that is because in the automobile segment there is also demand for CNG cylinders.
- Vishal Rampuria:** Right, when I say lower demand, I was largely referring to the auto demand because ultimately it's a spread between the CNG and the diesel prices. So, given that CNG is all market linked and diesel is largely frozen. So, last few months, we have seen lower



demand for the CNG vehicles. So, in that respect, are you also witnessing any slowdown in demand?

**Kaushal Bengani:**

No.

**Moderator:**

Thank you. Next question from the line of Saket Kapoor from Kapoor Company. Please go ahead.

**Saket Kapoor:**

Sir firstly as you mentioned that the margin for USTPL were inordinately high and would get corrected for the next quarter. And also, we have also given the dispatch number lower by 22K for USTPL for H2. And, as dealers have mentioned that we are very likely to maintain the EBITDA number. So, how will the math work when we are anticipating 18,000 per tonne margin for USTPL 20,000 reduction in volume and we are looking for this I think so we did 470 crore of EBITDA for H1. And if you could explain sir where I'm missing the numbers?

**Kaushal Bengani:**

Saketji we have reduced the dispatch target in United Seamless by 15,000 tonnes however, we have increased the dispatch target in Maharashtra Seamless by 15,000 tonnes. So, overall we will dispatch the same tonnage of Seamless pipes.

**Saket Kapoor:**

Correct, but from 30,000 EBITDA per tonne it will go down to 18,000 as Jindal sir has said that it is even out and this one extraordinary number for USTPL. So, how will that then the bottom line will not be affected. Even though the volume will remain same, the EBITDA numbers will go down.

**D P Jindal:**

Dispatch will not be reduced if we don't make the value addition. See either of it will reduce when we are producing the normal product, then the production will be high only when we produce cylinder pipe and other value-added product, then only dispatches will be low.

**Saket Kapoor:**

Yes, sir on the dispatch point it is correct, I was only asking on the EBITDA per tonne for USTPL, sir has mentioned that it will go down from 30,000 to 18,000 that is a reduction of 12000?

**Kaushal Bengani:**

That reduction will not be immediate, it will be gradual. And if you look at our achievement in dispatch number, 48% has been achieved in Maharashtra Seamless out of the target in the first six months..., and 42% has been achieved in United Seamless out of the target in the first six months. However, more than 50% of EBITDA has.... Of the 900 crores of EBITDA guidance, which we had given six months ago, we've achieved much more than 50% and since the second half of the financial year is generally better than the



first half, we expect the EBITDA guidance to be met and also the dispatch guidance to be met.

**Saket Kapoor:** Okay. So, we are holding on to this 490 numbers, 470 has been done for this first half. So, if you look at the 490 numbers we are looking at lower EBITDA, however the dispatchers are going to be higher, 430 is then the ballpark number. So, in that case, we should be looking forward for the higher EBITDA ballpark number upwards of 900 that understanding is correct sir?

**Kaushal Bengani:** That is correct.

**Saket Kapoor:** Sir, then coming to this growth part of the story sir if you could give us some more color what are the pillars that we have I read your slides there, but this has also been a cyclical part of the business for us. So, we are committing this money 800 crore especially for the CAPEX part. So, if you could explain how likelihood there is likely to be the continuity in demand going ahead, because there is some type of scenario did played out in 2013, 14 also correct me there. So, we are talking about recession in the global economy, we are talking about a lot of geopolitical things to add, are these things aligned in favor of the demand of pipe that is what we are concluding if you could throw some more light on the same, how prudent is our CAPEX that we have planned because it's a substantial one.

**Kaushal Bengani:** On the CAPEX front, we expect the demand to sustain and the cycle to continue because in our assessment, the oil cycle turned around in 2014 for a period of seven, seven and a half years. Reversal had started in 2021 and what cemented further by the Russia, Ukraine war. On account of the turbulent geopolitical situation, we expect crude oil prices to remain firm and we are getting good demand for our pipes. The rig count levels in the US is similar as it was prior to the onset of COVID and the crude oil price trajectory is still upward. A very good indicator for this strategic petroleum reserve, which is at its lowest point in the past 28 years. So, we do not expect crude oil to fall and this crude oil does not fall and rig counts continue to increase there will be good demand for OCTG products which is why we have planned our expansion activities.

**D P Jindal:** Basically, these are not increasing much of the quantity it is value addition. So, the demand is already there for these products. So, we have to be supplying more quantity in these items.

**Saket Kapoor:** The last two points and firstly, for this Oil Country Tubular NCLT proceedings what is the current update on the same. When can we hear something on it?



- D P Jindal:** There was some notice that and they have taken out of NCLT and the promoter want to revive that unit. So, let's see what happens
- Saket Kapoor:** And then our bid, what is the status of our bid when it gets nullified with the same account being now non classified as NPA?
- D P Jindal:** Yes, our bid was never opened and so, if they want to go to NCLT they will call it again.
- Saket Kapoor:** Correct. And last question to Jindal sir only, sir when we look at this creeping acquisition exercises, to be very categorically mentioned that buyback being a costlier tax incidence measure then the promoters look for creeping acquisition other than the availability of fund, what are the other factors that are kept in mind by you people so, that will give us some understanding how are you, yourself being the largest shareholder valuing this enterprise, but what we have seen that there has been a steady increase with market cap and also steady increase in your creeping acquisitions pattern. So, now would like to understand are we done with it or how are you evaluating it, what is the valuation that you yourself are looking forward because it is first the ability of fund and then the valuation on these two factors only you are going, you have a substantial stake way above 67% now, if you could throw some light here.
- D P Jindal:** Our target is to go up to 75%. And as other shareholders we are also shareholders so same wavelength will go as per the market.
- Moderator:** Thank you. The next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.
- Bhavin Chheda:** On ERW pipes business our capacity is 1,25,000 tonnes but I understand being a old mill and depending order sizes we have never reached peak volumes of even 90,000, to one lakh tonne, so after the current round of CAPEX, what would be the peak potential volumes of ERW pipes?
- Kaushal Bengani:** We expect it to be very close to the stated capacity of 1,25,000 tonnes.
- Bhavin Chheda:** Okay. And the second one on the margin outflow for ERW I missed on that point. So, the current quarter was low margin so, what's the outlook for second half and what would be the normalized margin in ERW pipes going forward?
- Kaushal Bengani:** Could you repeat that again please?
- Bhavin Chheda:** Yes, so ERW pipe margins were very low at around Rs.1000 a tonne in this quarter historically they have been higher but they have remained volatile. So, based on current





order book what margins you expect in ERW pipes in second half and overall, over a longer term, what would be your target normalized margin in ERW pipes business?

**D P Jindal:** See ERW has got two segments, one is the ordinary pipe for water purposes and other things. So, there the margin is only say Rs.2000 per tonne and there are other segments that is oil sector, this gas pipelines and all pipelines, there the margin is Rs.7000 to Rs.8000 per tonne. So, in last quarter we have least supplied to the oil sector because of certain problems. So, we have supplied to the general market. So, the margins has dropped down, that is the main reason otherwise in future we would like to maintain 50:50, 50% oil sector and 50% market segments.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Vikash Singh for his closing comments.

**Vikash Singh:** Thank you everyone. On behalf of PhillipCapital, I would like to thank Maharashtra Seamless to give us the opportunity to host the call. And I hand over the call to Maharashtra Seamless management for any closing comments. Over to you sir.

**Kaushal Bengani:** We thank the investors and the shareholders for participating in the call. The activism shown by some of the shareholders have been guiding us in taking decisions which have been beneficial for the organization and has also improved our profitability and our position in the market. We value the contribution that we get from our shareholders, and we want to improve our engagement with them. And we've taken a lot of feedback from shareholders and implemented them. Please connect with us in case of any additional queries and we thank you again for participating in the call. I would also like to thank Mr. Jindal, Chairman and Mr. Jindal, MD for taking time out from their schedule so that we are able to organize this call and communicate with our shareholders. I would also like to thank Mr. Vikash for organizing the call and assisting us in whichever way possible. Thank you, Vikash and thank you shareholders.

**Vikash Singh:** Thank you.

**D P Jindal:** Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of PhillipCapital (India) Private Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.